

ADMINISTRATIVE AGREEMENT

This Administrative Agreement ("Agreement"), dated the 29 day of JAN 2009, is made between Dean Baldwin Painting, L.P. (d/b/a Dean Baldwin Painting, Inc.) ("Dean Baldwin" or "the company") and the United States Department of the Air Force. As used herein, Dean Baldwin means Dean Baldwin Painting, L.P. and all of its operating sectors, groups, divisions, units and wholly-owned subsidiaries, including those acquired or established during the term of this Agreement.

PREAMBLE

1. Dean Baldwin is a limited partnership engaged in the stripping and painting of aircraft for military and civilian uses, and has its principal place of business at Roswell, New Mexico.
2. On February 26, 2008, Dean Baldwin, Barbara Baldwin, and Larry Baldwin were suspended from Government contracting and Government-approved subcontracting and from directly or indirectly receiving the benefits of federal assistance programs, pursuant to the procedures contained in the Federal Acquisition Regulation ("FAR") Subpart 9.4 and the Department of Defense FAR Supplement (DFARS) Subpart 209.4. Their suspension was based upon the indictment of Carl Baldwin, the then-Vice President of Operations for Dean Baldwin and the son of Barbara and Larry Baldwin, on ten counts of Aiding & Abetting (18 USC 2) in regard to the Use of Immigration Identification Document Not Lawfully Issued (18 USC 1546(a) and (b)), and Transporting/Harboring an Illegal Alien (18 USC 1324(a)). Dean Baldwin, Barbara Baldwin, and Larry Baldwin were suspended by virtue of their affiliation with Carl Baldwin.
3. On May 22, 2008, Carl Baldwin entered into a plea agreement ("the plea agreement") with the United States Attorney for the District of New Mexico wherein he pleaded guilty to a three-count misdemeanor Information for fraud in connection with identification documents (18 USC 1028(a)(4)) and aiding and abetting (18 USC 2). His sentencing took place on January 7, 2009.
4. Dean Baldwin is wholly owned by Barbara and Larry Baldwin. Barbara Baldwin owns 60% and Larry Baldwin owns 40% of the economic interests in Dean Baldwin.
5. In accordance with the terms of the plea agreement, a copy of which is attached as Exhibit 1, Carl Baldwin agreed to pay a criminal fine of \$300,000.00 and, with the consent of Dean Baldwin, agreed to allow agents or officers of the U.S. Department of Homeland Security, U.S. Immigration and Customs Enforcement, and/or U.S. Customs and Border Protection to inspect Dean Baldwin's Roswell, New Mexico facility, including the company's premises as well as company documents, without search warrants or prior notice, at any time employees are present, including nights, weekends, and holidays. Such unannounced inspections may occur during the entire term of Carl Baldwin's probation, including any extensions by reason of violation or agreement.
6. On July 17, 2008, Dean Baldwin, Barbara Baldwin, and Larry Baldwin were proposed for debarment from Government contracting and Government-approved subcontracting and from

directly or indirectly receiving the benefits of federal assistance programs. The proposed debarment of Dean Baldwin is based upon the imputation of Carl Baldwin's conduct to Dean Baldwin, and upon Dean Baldwin's affiliation with Carl Baldwin. The proposed debarment of Barbara and Larry Baldwin is based upon their affiliation with Carl Baldwin.

7. On or about October 20, 2008, Carl Baldwin resigned as Vice President of Dean Baldwin. He has no current affiliation with the company.

8. Dean Baldwin, Barbara Baldwin, and Larry Baldwin have expressed interest in demonstrating that, notwithstanding the misconduct for which Carl Baldwin was convicted, Dean Baldwin, Barbara Baldwin, and Larry Baldwin can be trusted to deal fairly and honestly with the Government and that suspending or debaring Dean Baldwin, Barbara Baldwin, and Larry Baldwin from future Government contracting is not a necessary protection in this case. Dean Baldwin, Barbara Baldwin, and Larry Baldwin have acknowledged the improper conduct of Carl Baldwin and acknowledge that, by virtue of Carl Baldwin's position as an officer of Dean Baldwin at the time the offenses occurred, his prior unlawful conduct may be imputed to Dean Baldwin. Dean Baldwin has agreed to keep in place its business ethics program, which was voluntarily adopted prior to the date of this Agreement, and to take other actions as specified herein to assure that Dean Baldwin possesses the high degree of business honesty and integrity required of a Government contractor.

9. The Air Force, Dean Baldwin, Barbara Baldwin, and Larry Baldwin agree that FAR 9.406 provides a cause to debar Dean Baldwin, Barbara Baldwin, and Larry Baldwin based upon the imputation of Carl Baldwin's conduct to the company and their respective prior or current affiliations with Carl Baldwin. The Air Force has further determined, however, that based upon information currently known to the Air Force, Dean Baldwin's corrective actions reflected in the terms and conditions of this Agreement provide adequate assurance that Dean Baldwin's future dealings with the Government, if any, will be conducted responsibly and that suspension or debarment of Dean Baldwin, Barbara Baldwin, and Larry Baldwin is not necessary at this time to protect the Government's interests. The parties, therefore, agree to the terms and conditions set out below.

ARTICLES

1. **PERIOD.** The period of this Agreement shall be three years from the date the Agreement is signed by the Air Force, or, if the Air Force determines at any time during such three year period that Dean Baldwin has ceased to be in full compliance with the letter and spirit of this Agreement, for a period of three years following reestablishment of full compliance as determined by the Air Force.

2. **EMPLOYEES.** The word employee(s) in this Agreement includes company officers, permanent, temporary, and contract employees, full-time and part-time employees, consultants, and members of the Board of Directors.

3. **SELF-GOVERNANCE PROGRAMS.** Dean Baldwin has implemented and agrees to maintain a self-governance program that includes a business ethics program that covers all

employees. The business ethics program shall be maintained so as to ensure that Dean Baldwin and each of its employees maintains the business honesty and integrity required of a Government contractor and that Dean Baldwin operates in strict compliance with all applicable laws, regulations, and the terms of any contract. Dean Baldwin represents that the business ethics program includes the following components:

a. **CENTRAL, HIGH-LEVEL PROGRAM MANAGEMENT.** Dean Baldwin has designated its Training Manager, Slade Morgan, to be the Dean Baldwin Ethics Officer ("Ethics Officer"). The Ethics Officer is responsible for managing all aspects of the Dean Baldwin business ethics program.

b. **CODE OF BUSINESS ETHICS.** A written Code of Business Ethics ("the Code" or the "Code of Business Ethics") has been adopted by Dean Baldwin. A copy of the Code is attached as Exhibit 2 to this Agreement. The Code of Business Ethics has been circulated to each employee of Dean Baldwin. After reading the Code, each current employee has been instructed to sign, in a register to be maintained by Dean Baldwin and open to inspection by the Air Force, that he or she has read and understood the Code. Thereafter, at least once in each calendar year, each then-current employee shall repeat the procedure of reading the Code and signing the register. As referenced in Article 6, the Code also includes a certification that must be signed annually. In addition, within 30 days of starting employment with Dean Baldwin, new employees shall attend a training program, not less than one hour in length, administered by the Ethics Officer, during which the terms and conditions of the Code of Business Ethics will be reviewed, and thereafter each new employee shall be required to read the Code and sign the register stating that he or she has read and understood the Code.

c. **INFORMATION AND EDUCATION PROGRAM.** In addition to the program for new employees detailed in subparagraph b, Dean Baldwin has instituted and shall maintain an information and education program designed to assure that all employees are aware of all applicable laws, regulations, and standards of business conduct that employees are expected to follow and the consequences both to the employee and to the company that will ensue from any violation of such measures. Training shall consist of compliance training for affected employees, plus at least one hour of live initial training in the Dean Baldwin business ethics program for every Dean Baldwin employee, plus, each year for each then-current employee, not less than one additional hour of live ethics training. A schedule and subject outline for the information and education program is included here as Exhibit 3 and is incorporated by reference into this Agreement.

d. **LANGUAGES.** All written materials and training related to the business ethics program will be provided in English and Spanish and in any other language necessary to assure that each employee understands all elements of any written or oral presentation.

e. **REPORTING AND INFORMATION RESOURCES.** Dean Baldwin has posted in prominent places accessible to each of its employees a notice giving the telephone numbers of Dean Baldwin's Ethics Officer and Director of Human Resources, inviting confidential calls to report suspected instances of improper conduct, providing instructions that encourage employees to make such reports, noting that the caller may call "collect" on long

distance calls, and stating the company's commitment to comply with all applicable laws and regulations in the conduct of its business. A copy of the notice is Exhibit 4 to this Agreement. Dean Baldwin also has posted in common work areas a "Hotline" poster prepared by the Inspector General of the Department of Defense providing phone numbers to report fraud, waste, abuse, and/or security violations.

4. PREFERRED SUPPLIER PROGRAM. Dean Baldwin shall institute a Preferred Supplier Program within 120 days of the effective date of this Agreement. The program shall be designed so as to in some manner reward its suppliers and subcontractors that have instituted and maintain compliance and values based ethics programs.

5. PERFORMANCE STANDARDS. Promotion of and adherence to the Dean Baldwin business ethics program is an element of each manager and supervisor's written performance standards and each manager and supervisor is appraised annually in writing on his or her adherence to and promotion of Dean Baldwin's business ethics program. Dean Baldwin will submit, as a part of each report to the Air Force pursuant to Article 8, a statement by the Chief Executive Officer ("CEO") that each manager and supervisor has been appraised on his or her adherence to and promotion of Dean Baldwin's business ethics program. Moreover, Dean Baldwin shall exercise reasonable efforts not to include as a principal (including any manager or supervisor) any individual whom due diligence would have exposed as having engaged in conduct that is in conflict with Dean Baldwin's Code of Business Ethics and to take appropriate action to remove any individual from a principal, management, or supervisory position who engages in such conduct, as provided in Article 17 of this Agreement.

6. ETHICS CERTIFICATES. Each employee of Dean Baldwin will be subject to an annual certification requirement to attest that he or she (a) has attended a live training session concerning the content and application of the company's business ethics program; (b) understands that strict adherence to the law, the Code of Business Ethics, and the principles of the business ethics program is a condition of employment; and (c) understands that Dean Baldwin will take disciplinary action, including discharge, for any violation of law, the Code of Business Ethics, the principles of the business ethics program, or basic tenets of business honesty and integrity, or failure to take reasonable steps to prevent or detect improper conduct. The certificate used to fulfill this requirement is included in the Code of Business Ethics, a copy of which is attached as Exhibit 2. Dean Baldwin will submit, as a part of each report to the Air Force pursuant to Article 8, affirmation by the CEO that the certifications required by this Article are being maintained and that each then-current employee has provided a certification as required by this provision. The certificates shall be maintained and available for the Air Force's review and inspection during the life of this Agreement.

7. CHIEF EXECUTIVE OFFICER RESPONSIBLE. The CEO of Dean Baldwin shall be responsible for ensuring that the company establishes a business ethics program and that the Code of Business Ethics is maintained and updated as necessary, as well as providing for periodic audits of Dean Baldwin's business practices, procedures, policies and internal controls for compliance with this Agreement, as provided hereunder, the Code of Business Ethics and the special requirements of Government contracting, including monitoring and auditing to detect criminal conduct, periodic evaluation of the effectiveness of the business ethics program and

periodic assessment of the risk of criminal conduct, with appropriate steps to design, implement or modify the business ethics program as necessary to reduce the risk of criminal conduct as identified through this process. Dean Baldwin's Ethics Officer shall report to the CEO in person and in writing not less than quarterly concerning Dean Baldwin's Ethics Program and compliance with this Agreement. The CEO shall take whatever actions are appropriate and necessary to ensure that Dean Baldwin conducts its activities in compliance with the requirements of the law and sound business ethics. Dean Baldwin shall provide to the Air Force copies of such written reports in accordance with Article 8.

8. REPORTS. At the end of the first complete calendar quarter following the execution of this Agreement, and thereafter at six month intervals (each respectively, "the reporting period"), the CEO of Dean Baldwin shall submit a written report to the Air Force describing the measures taken by Dean Baldwin during the reporting period to implement the business ethics program and to ensure compliance with this Agreement. The reports shall be submitted in time to be received at the Air Force within 20 days of the end of the reporting period. Notwithstanding such requirements, the final report shall be submitted not later than one month prior to the final day of this Agreement. Exhibit 5 sets out dates that reports are due. The reporting dates are deadlines for receipt of the reports at Air Force Headquarters. Dean Baldwin's failure to meet these requirements on or before the dates agreed to shall constitute a breach of this Agreement. The reports shall include:

- a. Standards of conduct/ethics/compliance training conducted, subject matter covered, and the number and employment rank or status of persons who attended.
- b. Informal notifications or initiatives relating to the business ethics program.
- c. Information otherwise required by this Agreement.
- d. The initiation of and status of any ongoing investigation of, or legal proceedings involving Dean Baldwin, including times, places, and subject matter of search warrants, subpoenas, criminal charges, criminal or civil agreements, etc.
- e. A statement by the CEO verifying that the register referenced in Article 3.b. is being maintained and that each employee has signed the register as required by this provision.
- f. A report identifying all calls made to the company reporting alleged misconduct (regardless of subject matter), and any instances of suspected misconduct otherwise brought to the attention of management during the preceding quarter. Such reports shall summarize the alleged facts of each matter, stating the date and source (generically identified only as employee, consultant, outsider, etc.), medium of the report, the date and nature of the reported conduct, type and results of any internal investigation, corrective and/or disciplinary action and date of feedback to the source of the information. Matters pending resolution at the time of a reporting period shall be reported each quarter until final resolution of the matter is reported. If the company has received no reports, Dean

Baldwin shall report that fact. For purposes of this Article 8f., Dean Baldwin may summarize the matters reported. The complete Dean Baldwin files on each case, however, shall be made available to the Air Force upon request.

g. A statement of any problems or weaknesses identified in compliance audits, corrective actions proposed or initiated, and the status of any corrective action.

9. MANAGEMENT -- RESTRICTIONS ON EMPLOYMENT OF CARL BALDWIN.

a. The principal members of Dean Baldwin's management on the date of execution of this Agreement by Dean Baldwin are Larry Baldwin, President, and Barbara Baldwin, CEO. Dean Baldwin agrees to notify the Air Force within one week if any of these principals leaves his or her current position and to provide the name of the successor to the Air Force upon appointment.

b. Carl Baldwin shall not serve as an employee of Dean Baldwin, with or without pay, during the term of this Agreement

10. LEGAL PROCEEDINGS. Dean Baldwin represents to the Air Force that, to the best of Dean Baldwin's knowledge, Dean Baldwin is not now under criminal or civil investigation by any Governmental entity. In addition to the periodic written reports required under Article 8, Dean Baldwin shall notify the Air Force within two working days of the time Dean Baldwin learns of (a) the initiation of any criminal or civil investigation by any federal, state, or local government entity involving allegations of Foreign Corrupt Practices Act, false statements, false claims, corruption, conflict of interest or anti-trust violations, if Dean Baldwin has reason to believe that it is a target or subject of such investigation; (b) service of subpoenas by any such governmental entity, if Dean Baldwin has reason to believe that it is a subject or target of the investigation; (c) service of search warrants and/or searches carried out in any Dean Baldwin facility; (d) initiation of legal action against Dean Baldwin, or any of its affiliates, employees, or agents by any entity alleging violations of the Foreign Corrupt Practices Act, false statements, false claims, corruption, conflict of interest, or anti-trust violations; or (e) criminal charges brought by any governmental entity against Dean Baldwin or any of its affiliates, employees, or agents, relating to the business of Dean Baldwin. Dean Baldwin shall provide to the Air Force as much information as necessary to allow the Air Force to determine the impact of the investigative or legal activity upon the present responsibility of Dean Baldwin for Government contracting. Dean Baldwin shall fully cooperate with any Government agencies responsible for audits, investigations, or corrective actions.

11. MEETING. Between five and seven months after the effective date of this Agreement, and again no later than four months prior to the termination of this Agreement, the CEO of Dean Baldwin shall meet with the Air Force Deputy General Counsel for Contractor Responsibility or a designee to discuss implementation and compliance of this Agreement, and the status of the business ethics program.

12. BUSINESS ETHICS PROGRAM REVIEW. Dean Baldwin represents that it has engaged an independent party that is acceptable to the Air Force to perform a review of Dean

Baldwin's business ethics program, and that such review will be concluded within two months following the execution of this Agreement. Dean Baldwin shall require the independent party to prepare a report for Dean Baldwin evaluating Dean Baldwin's business ethics program and recommending any changes that seem appropriate. Dean Baldwin shall direct the independent party to issue the report to Dean Baldwin and to the Air Force without first discussing its proposed conclusions with Dean Baldwin. Dean Baldwin shall provide Dean Baldwin's action plan for implementing any recommended changes to the Air Force within one month following Dean Baldwin's receipt of the report. This process shall be completed promptly so that Dean Baldwin's action plan is furnished to the Air Force not later than three months after the effective date of this Agreement. Dean Baldwin shall cause a second such review of Dean Baldwin's business ethics program to be conducted and a report to be prepared and submitted to the Air Force not later than 30 months after the effective date of this Agreement. The parties acknowledge and agree that William C. Kuehl may serve as the independent party for purposes of the review authorized under this Article.

13. SELF-GOVERNANCE PROGRAM AUDIT. At least once each calendar year, Dean Baldwin shall conduct an internal audit of Dean Baldwin's business practices, procedures, policies, and internal controls for compliance with this Agreement, the Code of Business Ethics, and the special requirements of Government contracting, including monitoring and auditing to detect criminal conduct, periodic evaluation of the effectiveness of the business ethics program and periodic assessment of the risk of criminal conduct, with appropriate steps to design, implement or modify the business ethics program as necessary to reduce the risk of criminal conduct as identified through this process. The results of the audits (which will be done independently of its Ethics Officer) shall be furnished to the Air Force with the reports submitted pursuant to Article 8.

14. LIST OF AUDIT REPORTS. In addition to audit reports elsewhere required by this Agreement, Dean Baldwin agrees to provide the Air Force with a list of all internal and external audit reports, regardless of source, otherwise relating to Dean Baldwin and either generated by or received by Dean Baldwin during the reporting period covered by the current Article 8 report. Dean Baldwin shall include in the list reports generated as a result of customer or Government surveys of Dean Baldwin.

15. REPORTS OF MISCONDUCT. In addition to the routine reports of misconduct required by Article 8.d. and any disclosure to the agency Office of the Inspector General and the contracting officer required by FAR 3.1003(2) and, as applicable, the contract clause set out in FAR 52.203-13, Dean Baldwin shall report to the Air Force, within 15 days of discovery by management, any suspected misconduct that management has reasonable grounds to believe may constitute a violation of criminal or civil law. The misconduct to be reported pursuant to this Article includes misconduct by any person, including, but not limited to, Dean Baldwin, Dean Baldwin's subcontractors, suppliers, and employees, as defined herein, and Government employees, when related to the conduct of Dean Baldwin's businesses, and shall include misconduct disclosed to Dean Baldwin from any source relating to Dean Baldwin's business. Dean Baldwin will investigate all reports of such misconduct that come to its attention and will notify the Air Force of the outcome of such investigations and any potential or actual impact on any aspect of Dean Baldwin's Government business. Dean Baldwin will take corrective action,

including prompt restitution of any harm to the Government. Dean Baldwin will include summary reports of the status of each such investigation to the Air Force in the reports submitted pursuant to Article 8 until each matter is finally resolved.

16. LETTERS TO SUPPLIERS AND SUBCONTRACTORS. Dean Baldwin has distributed to every supplier and subcontractor to Dean Baldwin a letter from Barbara Baldwin, CEO of Dean Baldwin, (1) emphasizing Dean Baldwin's commitment to procurement integrity, (2) asking suppliers and subcontractors not to offer or give anything of value to Dean Baldwin's employees, (3) stating that Dean Baldwin employees are not allowed to give to or receive from Dean Baldwin's suppliers and subcontractors anything of value, (4) asking suppliers and subcontractors to report to Slade Morgan any improper or illegal activity by Dean Baldwin employees, and (5) informing them of the telephone number for the Dean Baldwin Hotline. A copy of the letter is attached as Exhibit 6. A similar letter will be sent to all Dean Baldwin suppliers and subcontractors each year in the month of November. A copy of each year's letter shall be furnished to the Air Force pursuant to Article 8. The prohibition on offering or giving anything of value in items (2) and (3) above does not include modest items of food and refreshments, such as soft drinks, coffee and donuts, offered other than as part of a meal; nor does it include greeting cards or promotional items of modest value, such as paint can lid openers, t-shirts, baseball caps, or calendars or planners. The prohibition also does not include supplies or services that may be provided to Dean Baldwin, free of charge or at reduced charge, for evaluation.

17. EMPLOYMENT OF SUSPENDED OR DEBARRED INDIVIDUALS. Dean Baldwin shall not knowingly employ, with or without pay, an individual who is under indictment, convicted, or listed by a Federal Agency as debarred, suspended, or otherwise ineligible for Federal programs. A copy of the policy is attached as Exhibit 7. In order to carry out the policy, Dean Baldwin shall make reasonable inquiry into the status of any potential employee or consultant. Such reasonable inquiry shall include, at a minimum, review of the General Services Administration's ("GSA") List of Parties Excluded from Federal Procurement and Nonprocurement Programs as maintained by GSA on the internet. Dean Baldwin's policy does not require Dean Baldwin to terminate the employment of individuals who are indicted or become suspended or are proposed for debarment during their employment with Dean Baldwin. Dean Baldwin, however, will remove such employees from responsibility for or involvement with Dean Baldwin's business affairs until the resolution of such suspension or proposed debarment. In addition, if any employee of Dean Baldwin is charged with a criminal offense relating to business or otherwise relating to honesty and integrity, Dean Baldwin will remove that employee immediately from responsibility for or involvement with Dean Baldwin's business affairs. If the employee is convicted or debarred, Dean Baldwin policy requires that the employee will be terminated from employment with Dean Baldwin. Dean Baldwin shall notify the Air Force of each such personnel action taken, and the reasons therefore, within 15 days of the action.

18. BUSINESS RELATIONSHIPS WITH SUSPENDED OR DEBARRED ENTITIES. Dean Baldwin has a written internal operating policy that Dean Baldwin shall not knowingly form a contract with, purchase from, or enter into any business relationship with any individual or business entity that is listed by a Federal Agency as debarred, suspended, or proposed for

debarment. A copy of the policy is attached as Exhibit 8. To effectuate this policy, Dean Baldwin shall make reasonable inquiry into the status of any potential business partner, to include, at a minimum, review of the GSA's List of Parties Excluded from Federal Procurement or Nonprocurement Programs including the version of this list maintained by GSA on the internet. Notwithstanding any other provision of this Article, Dean Baldwin may enter into a business relationship with a suspended or debarred contractor, if the CEO first determines in writing that a compelling reason justifies the action and furnishes to the Air Force Deputy General Counsel for Contractor Responsibility a copy of the determination not less than 10 days prior to Dean Baldwin entering into such a business relationship. Dean Baldwin shall not enter into a business relationship with a suspended or debarred entity if the Air Force objects. In addition to the provisions of this Article, Dean Baldwin shall comply with the requirements of FAR 9.405-2(b) and provide to the Air Force Deputy General Counsel for Contractor Responsibility a copy of the documents submitted to the contracting officer pursuant thereto.

19. PROPOSED CHANGES. Dean Baldwin shall notify the Air Force of any proposed changes in the directives, instructions, or procedures implemented in furtherance of Dean Baldwin's business ethics program and compliance with this Agreement. The Air Force, or its authorized representative, retains the right to verify, approve, or disapprove any such changes. No such changes shall be implemented without the prior approval of the Air Force.

20. ACCESS TO RECORDS AND INFORMATION. In addition to any other right the Air Force may have by statute, regulation, or contract, the Air Force or its duly authorized representative may examine Dean Baldwin's books, records, and other company documents and supporting materials for the purpose of verifying and evaluating: (a) Dean Baldwin's compliance with the terms of this Agreement; (b) Dean Baldwin's business conduct in its dealings with all of its customers, including the Government; (c) Dean Baldwin's compliance with Federal laws, regulations, and procurement policies and with accepted business practices; and (d) Dean Baldwin's compliance with the requirements of Government contracts or subcontracts. The materials described above shall be made available by Dean Baldwin at all reasonable times for inspection, audit, or reproduction. Further, for purposes of this provision, the Air Force or its authorized representative may interview any Dean Baldwin employee at the employee's place of business during normal business hours or at such other place and time as may be mutually agreed between the employee and the Air Force. Employees will be interviewed without a representative of Dean Baldwin being present. The employee may be represented personally by his own counsel if requested by the employee.

21. COSTS OF REVIEW. Dean Baldwin has paid to the Air Force \$15,000 to cover the Air Force's costs of independently reviewing this matter and administering this Agreement.

22. UNALLOWABLE COSTS.

a. Dean Baldwin agrees that all costs, as defined in FAR 31.205-47, incurred by, for, or on behalf of Dean Baldwin or any Dean Baldwin current or former officer, director, agent, employee, consultant, or affiliate shall be considered to be expressly unallowable costs, in accordance with the requirements of FAR 31.201-6, for Government contract accounting purposes. Unallowable costs include, but are not limited to, costs arising from, related to, or in

connection with (a) the matters at issue here, (b) the Government's criminal and civil investigations regarding the matters at issue here, and (c) the Air Force's independent review of Dean Baldwin's present responsibility, including the costs of the company's submissions, presentations, and appearances before the office of the Air Force Deputy General Counsel for Contractor Responsibility. Dean Baldwin's costs of performing and administering the terms of this Agreement and any fines or penalties levied or to be levied in or arising out of the matter at issue here are agreed to be expressly unallowable costs. Also unallowable are Dean Baldwin's costs of bringing Dean Baldwin's self governance, compliance, and/or ethics programs to a level acceptable to the Air Force. Dean Baldwin agrees to account separately for such costs. Dean Baldwin's present and future costs of maintaining, operating, and improving Dean Baldwin's corporate self governance/compliance/ethics programs are allowable costs for purposes of this Agreement.

b. Dean Baldwin recognizes that in order to comply with the terms of this Article, certain costs may need to be reclassified. As and when required, Dean Baldwin shall proceed immediately to identify and reclassify such costs and, within 90 days of the effective date of this Agreement, Dean Baldwin shall adjust any bid rate, billing rate, or unsettled final indirect cost rate pools to eliminate any costs made unallowable by this Agreement, and shall advise the Air Force, the cognizant administrative contracting officer, and the cognizant Government auditor of the amount and nature of the reclassified costs within 120 days of the date of this Agreement. The Air Force or a designated representative shall have the right to audit Dean Baldwin's books and records to verify compliance with this Article. Such audit rights shall be in addition to any audit rights the Government may have under the terms of any contract with Dean Baldwin.

23. ADVERSE ACTIONS. Dean Baldwin avers that adverse actions taken, or to be taken, by Dean Baldwin against any employee or other individual associated with Dean Baldwin arising out of or related to the wrongdoing at issue here were solely the result of Dean Baldwin's initiatives and decisions and were not the result of any action by, or on behalf of, agents or employees of the United States.

24. NO SUSPENSION OR DEBARMENT. Provided that the terms and conditions of this Agreement are faithfully fulfilled, the Air Force will not suspend or debar Dean Baldwin based on the facts and circumstances set forth in the indictment, plea agreement, or conviction referenced in the Preamble herein. The Air Force's decision not to suspend or debar Dean Baldwin upon the facts at issue here shall not restrict the Air Force or any other agency of the Government from instituting administrative actions, including, without limitation, suspension or debarment should other information indicating the propriety of such action come to the attention of the Air Force or such other agency, or additional information concerning the facts at issue here is discovered by the Government, which facts were not disclosed by Dean Baldwin or by the exercise of reasonable diligence could not have been discovered by the Government as of the date of this Agreement.

25. PRESENT RESPONSIBILITY. Dean Baldwin's compliance with the terms and conditions of this Agreement shall constitute an element of Dean Baldwin's present responsibility for Government contracting. Dean Baldwin's failure to meet any of its obligations pursuant to the terms and conditions of this Agreement constitutes a separate cause for

suspension and/or debarment of Dean Baldwin, Barbara Baldwin and Larry Baldwin. By entering into this Agreement, the Air Force is not determining that Dean Baldwin is presently responsible for any specific Government contract.

26. NOTIFY EMPLOYEES. Dean Baldwin will notify all Dean Baldwin employees of the fact and substance of this Agreement, the nature of the wrongdoing leading to this Agreement, and the importance of each employee's abiding by the terms of this Agreement and all requirements of law, regulations, and Dean Baldwin policies and procedures.

27. SALE OF DEAN BALDWIN BUSINESSES. In the event that Dean Baldwin sells or in any way transfers ownership of any part of its business, Dean Baldwin shall notify the Air Force in advance and shall require by the terms of the transfer that the new owner, in addition to Dean Baldwin, shall be bound by the terms and conditions of this Agreement, including, but not limited to, all reporting requirements.

28. DEAN BALDWIN PURCHASE OF BUSINESSES. In the event that Dean Baldwin purchases or establishes new business units after the effective date of this Agreement, Dean Baldwin shall incorporate all provisions of this Agreement into the new business(es), including any training or education requirements, within 60 days following such purchase or establishment.

29. WAIVER. Dean Baldwin hereby waives all claims, demands, or requests for monies of any kind or of whatever nature that Dean Baldwin may have or may develop in the future arising from, related to, or in connection with, any investigation, or as a result of administrative or judicial proceedings, or request for any other relief in law or in equity, or in any other forum be it judicial or administrative in nature arising out of or relating to the facts that gave rise to the suspension and/or proposed debarment.

30. RELEASE. Dean Baldwin hereby releases the United States, its instrumentalities, agents, and employees in their official and personal capacities, of any and all liability or claims arising out of or related to the investigation, criminal prosecution, or civil settlement at issue here, or the suspension, proposed debarment, or debarment of Dean Baldwin or the discussions leading to this Agreement.

31. ARTICLE HEADINGS. The Article headings in this Agreement are inserted for convenient reference only and shall not affect the meaning or interpretation of this Agreement.

32. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which taken together, shall constitute one and the same agreement.

33. AIR FORCE RELIANCE. Dean Baldwin represents that all written materials and other information supplied to the Air Force by its authorized representative during the course of discussions with the Air Force preceding this Agreement are true and accurate, to the best information and belief of the Dean Baldwin signatories to this Agreement. Dean Baldwin also represents that it has provided to the Air Force all information in its possession relating to the

facts at issue. Dean Baldwin understands that this Agreement is executed on behalf of the Air Force in reliance upon the truth, accuracy, and completeness of all such representations.

34. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, relating to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

35. **RESTRICTION ON USE.** Dean Baldwin shall not use any term of this Agreement or the fact of the existence of this Agreement for any purpose related to the defense or litigation of, or in mitigation of any criminal, civil, or administrative investigation or proceeding.

36. **BANKRUPTCY.** Bankruptcy proceedings shall not affect the enforcement of this Agreement in the interests of the Government.

37. **AUTHORIZED REPRESENTATIVE.** Larry Baldwin and Barbara Baldwin, as President and CEO of Dean Baldwin, respectively, are fully authorized to execute this Agreement and represent that they each have authority to bind Dean Baldwin.

38. **SEVERABILITY.** In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect other provisions of this Agreement.

39. **NOTICES.** Any notices, reports, or information required hereunder shall be in writing and delivered or mailed by registered or certified mail, postage prepaid as follows:

If to Dean Baldwin, to:	Barbara Baldwin Chief Executive Officer Dean Baldwin Painting, L.P. 2395 Bulverde Road Suite 105 Bulverde, TX 78163
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If to the Air Force, to:	Deputy General Counsel for Contractor Responsibility (SAF/GCR) Department of the Air Force 4040 N. Fairfax Drive Suite 204 Arlington, VA 22203-1613
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or such other address as either party shall have designated by notice in writing to the other party.

40. **PUBLIC DOCUMENT.** This Agreement, including all attachments and reports submitted pursuant to this Agreement, is a public document and may be distributed by the Air Force throughout the Government as appropriate and to other interested persons upon request.

41. **MODIFICATION.** This Agreement may be amended or modified only by a written document signed by both parties.

DEPARTMENT OF THE AIR FORCE

BY: 

DATE 2/3/09

Steven A. Shaw

DEAN BALDWIN PAINTING, L.P.

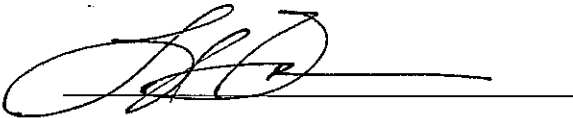
BY: Barbara Baldwin
Chief Executive Officer
Dean Baldwin Painting, L.P.

DATE 1-29-09



BY: Larry Baldwin
President
Dean Baldwin Painting, L.P.

DATE 1-29-09



LIST OF EXHIBITS

- EXHIBIT 1 Plea agreement of Carl Baldwin
- EXHIBIT 2 Ethics Code, Including Ethics Certificate
- EXHIBIT 3 Training Schedule & Outline
- EXHIBIT 4 Hotline Poster
- EXHIBIT 5 Reports Schedule
- EXHIBIT 6 Letter to Suppliers
- EXHIBIT 7 Employment Policy Regarding Criminal and Ineligible Parties
- EXHIBIT 8 Business Policy Regarding Ineligible Parties